

Introduced by Senator McClintock

February 3, 2005

Senate Constitutional Amendment No. 5— A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending subdivision (f) of Section 10 of Article IV thereof, relating to state finances.

LEGISLATIVE COUNSEL'S DIGEST

SCA 5, as introduced, McClintock. State finances: Budget Act.

The California Constitution provides that if, following the enactment of the Budget Bill, the Governor determines that, for that fiscal year, General Fund revenues will decline substantially below the estimate of General Fund revenues upon which the Budget Bill for that fiscal year was based, or that General Fund expenditures will increase substantially above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and cause the Legislature to assemble in special session. The proclamation is required to identify the nature of the fiscal emergency and be accompanied by proposed legislation to address the fiscal emergency. If the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature is prohibited from acting on any other bill or adjourning for a joint recess, until that bill or those bills have been passed and sent to the Governor.

This measure would eliminate the requirement that actions of the Governor be based on a substantial decline in General Fund revenues or a substantial increase in General Fund expenditures, and would instead require a decline in General Fund revenues or an increase in General Fund expenditures before the Governor may take action.

The measure would also eliminate the Governor's authority to issue a proclamation declaring a fiscal emergency, identifying the nature of the fiscal emergency, accompanied by proposed legislation to address the fiscal emergency.

The measure would further eliminate the condition that if the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature may not act on any other bill, nor may the Legislature adjourn for a joint recess, until that bill or those bills have been passed and sent to the Governor.

The measure would also eliminate the requirement that a bill addressing the fiscal emergency declared contain a statement to that effect.

This measure would instead provide that, following the enactment of the Budget Bill for the 2005-06 fiscal year or any subsequent fiscal year, the Governor may, by proclamation, reduce or eliminate one or more items of appropriation from the General Fund for that fiscal year to prevent General Fund expenditures from exceeding the estimate of General Fund revenues for that fiscal year. The measure would also allow the Governor to suspend for that fiscal year the operation of any statute to the extent the reduction or elimination of an item of appropriation renders infeasible the operation of that statute.

This measure would provide that the Legislature may override or amend an action taken by the Governor, as described above, to reduce or eliminate an item of appropriation or to suspend the operation of a statute by a resolution if passed in each house by rollcall vote entered into the journal, $\frac{2}{3}$ of the membership concurring, within 30 days of the Governor's action.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring,* That the
- 2 Legislature of the State of California at its 2005–06 Regular
- 3 Session commencing on the sixth day of December 2004,
- 4 two-thirds of the membership of each house concurring, hereby
- 5 proposes to the people of the State of California, that the
- 6 Constitution of the State be amended as follows:
- 7 That subdivision (f) of Section 10 of Article IV thereof is
- 8 amended to read:

(f) (1) If, following the enactment of the budget bill for the 2004-05-2005-06 fiscal year or any subsequent fiscal year, the Governor determines that, for that fiscal year, General Fund revenues will decline substantially below the estimate of General Fund revenues upon which the budget bill for that fiscal year, as enacted, was based, or General Fund expenditures will increase substantially above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and shall thereupon cause the Legislature to assemble in special session for this purpose. The proclamation shall identify the nature of the fiscal emergency and shall be submitted by the Governor to the Legislature, accompanied by proposed legislation to address the fiscal emergency.

(2) If the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature may not act on any other bill, nor may the Legislature adjourn for a joint recess, until that bill or those bills have been passed and sent to the Governor.

(3) A bill addressing the fiscal emergency declared pursuant to this section shall contain a statement to that effect, by proclamation, reduce or eliminate one or more items of appropriation from the General Fund for that fiscal year as necessary to prevent General Fund expenditures from exceeding the estimate of General Fund revenues for that fiscal year. The Governor also may suspend for that fiscal year the operation of any statute to the extent the reduction or elimination of an item of appropriation pursuant to this paragraph renders infeasible the operation of that statute.

(2) The Legislature may override or amend an action taken by the Governor to reduce or eliminate an item of appropriation or to suspend the operation of a statute by a resolution if passed in each house by rollcall vote entered into the journal, two-thirds of the membership concurring, within 30 days of the Governor's action.